



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Required Report - public distribution

Date: 1/18/2001

GAIN Report #NZ1007

## **New Zealand**

### **Livestock and Products**

#### **Semi-Annual**

#### **2001**

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**Report Highlights: Beef cattle numbers in 2001 are expected to increase 5 percent to 4.92 million with beef production forecast to increase to 632,000 MT CWT. Sheep numbers are forecast to decline 2.3 percent through 2001 and total sheepmeat production is forecast to rise 1% to 521,000 MT CWT due to a sharp increase in mutton slaughter. The depreciation of the NZ dollar against the US dollar has meant that New Zealand's beef quota to the US of 213,401 MT was filled in 2000 for the first time for five years. In January 2001, the GNZ suspended imports of beef and beef products from the EU due to BSE concerns. The GNZ has welcomed the WTO dispute panel's December 2000 report on U.S. import restrictions on New Zealand lamb.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Semi-Annual Report  
Wellington [NZ1], NZ

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## SECTION I. SITUATION AND OUTLOOK

The outlook to 1 July 2001 for New Zealand beef cattle is for a 4.8 percent rise in stock numbers, bringing total beef cattle numbers to 4.92 million, the highest level since 1995. This includes a 2 percent increase in beef cows from the 2000 season and a 1.1 percent increase in dairy cows. A moratorium on new milk supply that had been in place since March 2000, has recently been lifted, increasing dairy cow numbers by 68,000 head, bringing total dairy cow numbers to 3.6 million head.

Export beef slaughter for 2001 is forecast to be 3.3 million head, 1.9 million of adult cattle and 1.3 million of bobby veal. Export cattle slaughter weights are expected to be down 1.8 percent in 2001 from the record weights in 2000, to an average 255.1 kilograms for all grades. Bobby veal slaughter weights are estimated to be 16.7 kilograms. Total beef production for 2001 is forecast to increase to 632,000 MT CWE. This is a 7 percent increase in production from the previous season, reflecting higher slaughter numbers which more than offset lower average slaughter weights.

Total sheep numbers through 2001 are estimated to decline 2.3 percent from the 2000 level, to 44.7 million head. Breeding ewe numbers are also expected to decline by 1 percent to 32 million head. This forecast reveals a larger decline than posts previous forecast (NZ0042) due the lifting of the moratorium on new milk supply for the dairy industry.

Total and export lamb slaughter is forecast to decrease in 2001 due to fall in breeding ewe numbers and total sheep flock. Export lamb slaughter is forecast to be 24.9 million head. Average lamb slaughter weights are estimated to be 16.06 kilograms per head, while this is below the record 2000 weight of 16.61 kilograms, it will be the second highest on record. Total and export mutton slaughter is forecast to increase in 2001, with export mutton slaughter up by 16 percent to 4.5 million head. This follows two years of declining mutton slaughterings when sheep were retained to rebuild stock numbers from the droughts of 97/98 and 98/99. Average mutton slaughter weights in 2000/01 estimated at 22.78 kilograms are down from the record average weight in 2000 of 23.53 kilograms. **Total sheepmeat production is forecast to increase slightly (1%) in the 2001 season from the 2000 season.**

The 20 percent depreciation of the New Zealand dollar against the US dollar during 2000, meant that New Zealand fully utilised its 213,401 ton beef quota for the first time since 1995. The United States took 73 percent of New Zealand total beef exports, up from 64 percent in 1999.

In January 2001, New Zealand and Australian authorities introduced an import suspension on beef and beef products from the European Union following the BSE scare in Europe. The ban will be held in place until authorities can be sure of consistent adherence to European Commission safety policies by EU member states and the safety of beef from other European countries. The ban covers 29 European countries and includes foods such as soups and sausages.

## SECTION II. STATISTICAL TABLES

**PSD TABLE - CATTLE NUMBERS**

PSD Table						
Country	New Zealand					
Commodity	Animal Numbers, Cattle (1000 HEAD)					
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Total Cattle Beg. Stks	8870	8870	9110	9110	9767	9767
Dairy Cows Beg. Stocks	3467	3467	3533	3533	3560	3628
Beef Cows Beg. Stocks	1478	1478	1571	1571	1600	1600
Production (Calf Crop)	3775	3775	4230	4230	4386	4420
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	12645	12645	13340	13340	14153	14187
Intra EC Exports	0	0	0	0	0	0
Other Exports	8	8	8	8	8	8
TOTAL Exports	8	8	8	8	8	8
Cow Slaughter	750	750	760	760	919	929
Calf Slaughter	1350	1350	1297	1297	1374	1374
Other Slaughter	1385	1385	1463	1463	1473	1473
Total Slaughter	3485	3485	3520	3520	3766	3776
Loss	42	42	45	45	45	45
Ending Inventories	9110	9110	9767	9767	10334	10358
TOTAL DISTRIBUTION	12645	12645	13340	13340	14153	14187
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

**PSD TABLE - SHEEP NUMBERS**

PSD Table						
Country	New Zealand					
Commodity	Animal Numbers, Sheep (1000 HEAD)					
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
TOTAL Beginning Stocks	46150	46150	45800	45800	45159	45159
Ewes, Beginning Stocks	32545	32545	32545	32545	32545	32190
Production (Lamb Crop)	34825	34825	36790	36790	37426	37508
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	80975	80975	82590	82590	82585	82667
Intra EC Exports	0	0	0	0	0	0
Other Exports	140	140	110	110	110	0
TOTAL Exports	140	140	110	110	110	0
Ewe Slaughter	4948	4948	4640	4640	5609	5380
Lamb Slaughter	25516	25516	25606	25606	26246	25529
Other Slaughter	282	282	225	225	225	225
TOTAL Slaughter	30746	30746	30471	30471	32080	31134
Loss	4289	4289	6009	6850	5395	6773
Ending Inventories	45800	45800	46000	45159	45000	44760
TOTAL DISTRIBUTION	80975	80975	82590	82590	82585	82667
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

**PSD TABLE - BEEF&VEAL PRODUCTION**

PSD Table						
Country	New Zealand					
Commodity	Meat, Beef and Veal				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	3485	3485	3520	3520	3766	3776
Beginning Stocks	38	38	53	53	52	52
Production	558	558	592	592	630	632
Intra EC Imports	0	0	0	0	0	0
Other Imports	2	2	2	2	2	2
TOTAL Imports	2	2	2	2	2	2
TOTAL SUPPLY	598	598	647	647	684	686
Intra EC Exports	0	0	0	0	0	0
Other Exports	420	420	460	460	495	511
TOTAL Exports	420	420	460	460	495	511
Human Dom. Consumption	125	125	135	135	132	132
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	125	125	135	135	132	132
Ending Stocks	53	53	52	52	57	43
TOTAL DISTRIBUTION	598	598	647	647	684	686
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	273	0	336	0	336

**PSD TABLE - SHEEPMEAT PRODUCTION**

PSD Table						
Country	New Zealand					
Commodity	Meat, Lamb, Mutton and Goat				(1000 MT CWE)(1000 HEAD)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	30746	30746	30471	30471	32080	31134
Beginning Stocks	31	31	42	42	54	54
Production	499	499	497	517	533	521
Intra EC Imports	0	0	0	0	0	0
Other Imports	2	2	2	2	2	2
TOTAL Imports	2	2	2	2	2	2
TOTAL SUPPLY	532	532	541	561	589	577
Intra EC Exports	0	0	0	0	0	0
Other Exports	400	400	392	420	454	425
TOTAL Exports	400	400	392	420	454	425
Human Dom. Consumption	90	90	95	87	87	90
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	90	90	95	87	87	90
Ending Stocks	42	42	54	54	48	62
TOTAL DISTRIBUTION	532	532	541	561	589	577
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	24	0	21	0	18

**TRADE MATRIX - BEEF&VEAL EXPORTS**

New Zealand Beef and Veal Exports				
Calendar years, Metric Tons Product Weight				
<b>Destination</b>	<b>1998</b>	<b>1999</b>	<b>2000 YTD*</b>	<b>1999 YTD*</b>
				<b>Comparison</b>
United States	211,276	192,227	183,301	162,679
Canada	27,449	24,941	11,575	22,281
Japan	19,302	15,017	10,989	12,712
South Korea	3,849	7,962	7,930	6,175
Taiwan	10,918	14,800	9,598	13,239
Hong Kong	7,108	4,202	3,698	3,322
Singapore	6,249	4,146	2,264	3,455
United Kingdom	4,619	585	346	544
Philippines	4,329	2,579	2,350	2,108
Malaysia	3,582	4,716	5,075	4,129
Indonesia	508	1,474	3,017	937
Other	35,994	20,696	15,522	16,650
<b>TOTAL</b>	<b>335,183</b>	<b>293,345</b>	<b>255,665</b>	<b>248,231</b>
* Jan-September Quarter Source: Statistics New Zealand				

**TRADE MATRIX - LAMB, MUTTON & GOAT EXPORTS**

LAMB, MUTTON AND GOAT EXPORTS				
MetricTonnes Product Weight, Calendar Years				
Destination	1998	1999	2000 YTD*	1999 YTD*
				Comparison
Other EU	92,887	89,520	78,229	72,583
United Kingdom	80,921	83,257	60,749	64,214
Pacific	32,477	28,891	24,548	19,795
United States	20,868	18,252	13,797	14,144
Saudi Arabia	15,827	15,805	17,373	14,079
Japan	14,439	10,735	8,048	9,109
Other Middle East	14,240	15,226	10,450	11,525
Canada	5,469	7,153	5,335	5,580
South Korea	5,052	3,724	1,285	2,719
Russia	972	288	152	179
Iran	35	0	0	0
Other	45,679	52,510	49,046	41,857
TOTAL	328,867	325,362	269,012	255,785
*Jan-Sept Quarter				
Source: Statistics New Zealand				

**TRADE MATRIX - BEEF OFFAL EXPORTS**

New Zealand Beef Offal Exports (metric tons, calendar year)				
Destination	1998	1999	2000 YTD*	1999 YTD*
				Comparison
Malaysia	3,098	3,558	2,934	3,010
South Africa	2,898	1,405	1,168	1,151
Indonesia	593	2,530	2,883	2,025
United States	2,401	1,979	1,876	1,716
Japan	2,404	2,273	1,989	1,872
France	1,349	751	503	626
Singapore	1,380	1,360	662	1,052
Hong Kong	2,103	714	317	641
Russia	1,762	774	234	710
Korea	789	1,646	999	1,442
United Kingdom	1,140	959	486	744
China	144	337	458	294
Finland	16	0	7	0
Chile	165	112	0	112
Netherlands	192	156	39	96
		0		
Other	4,448	3,634	2,949	2,935
TOTAL	24,882	22,187	17,504	18,425

\* January - September 1999.

**TRADE MATRIX - BOVINE FAT EXPORTS**

New Zealand Bovine Fat Exports				
Metric tons, Calendar Years				
Destination	1998	1999	2000 YTD*	1999 YTD*
				Comparison
China	51,438	80,611	58,104	62,914
Taiwan	16,157	15,795	13,695	11,638
Korea	3,908	1,116	0	1,116
pakistan	9,455	2,502	3,196	2,502
Bangladesh	2,311	950	720	770
Singapore	14	62	22	62
South Africa	0	16	0	16
Fiji	2,943	2,298	2,026	1,816
Switzerland	0	0	0	0
Thailand	401	958	539	793
Australia	1,634	699	0	699
Sudan	7,174	0	0	0
Egypt	6,995	0	0	0
Nigeria	3,065	0	0	0
Mozambique	4,043	0	0	0
Other	12,464	11,373	8,852	8,572
				0
<b>TOTAL</b>	<b>122,002</b>	<b>116,380</b>	<b>87,154</b>	<b>90,898</b>
* Jan-September Quarter				
Source: Statistics New Zealand				

**EXCHANGE RATE**

\$US:NZ 1997/98 (0.62), 1998/99 (0.53), 1999/00 (0.44), 2000/01f (0.51)

## SECTION III. SUPPLY, DEMAND AND MARKETING

### STOCK NUMBERS - CATTLE

The outlook to 1 July 2001 for New Zealand beef cattle is for a 4.8 percent rise in stock numbers, bringing total beef cattle numbers to 4.92 million, the highest level since 1995. This includes a 2 percent increase in beef cows from the 2000 season and a 1.1 percent increase in dairy cows.

The dairy herd in New Zealand only increased 0.7 percent in the 2000 season and this was previously forecast to remain steady in 2001. However a moratorium on new milk supply that had been in place since March 2000, has recently been lifted, increasing dairy cow numbers by 68,000 head, bringing total dairy cow numbers to 3.6 million head.

For the year to July 2001 (mainly the spring of 2000) dairy beef retentions are expected to be up 31.3 percent to 713,000 head. Bobby calf retentions for beef production have continued to increase over the last few seasons due to expected and actual beef price increases. Rebuilding beef cattle numbers with dairy beef animals following the 1997/98 drought is also a factor. It is forecast that retentions in the spring of 2001 will be a little below the level of bobby calves retained in the spring of 2000, numbers are estimated to be 655,000 head.

The forecast calf crop for 2001 is forecast to 4.4 million head, consistent with the estimated higher rate of growth in the dairy herd and the increase in beef cow numbers from 2000.

#### *PSD Table Changes*

##### From Previous 2001 forecast

Dairy cow numbers have increased from the Annual Report forecast due to the lift of the moratorium on new milk supply. This effectively increases calf crop and cow slaughter as well.

### PRODUCTION - BEEF AND VEAL

Total beef and veal slaughter for 2001 is forecast to be 3.7 million head, an increase of 7 percent from the 2000 season. The bobby veal slaughter will increase to 1.37 million head due to a low kill in the 2000 season and an increase in the dairy cow herd and beef breeding cow herds. Cow slaughter is estimated to increase 22 percent from 2000, reflecting breeding cows held over in the previous season in order to lift cattle numbers. The increase in cow slaughter also reflects an increase in cull cows from the expanding dairy herd.

Export slaughter for 2001 is forecast to be 3.3 million head, 1.9 million of adult cattle and 1.3 million of bobby veal. Export cattle slaughter weights are expected to be down 1.8 percent in 2001 from the record weights in 2000, to an average 255.1 kilograms for all grades. Bobby veal slaughter weights are estimated to be 16.7 kilograms.

Total beef production for 2001 is forecast to increase to 632,000 MT CWE. This is a 7 percent increase in production from the previous season, reflecting higher slaughter numbers which are expected to more than offset lower average slaughter weights.

#### *PSD Table Changes*

### From Previous 2001 Forecast

The slight increase in slaughter numbers as a result of the increase in dairy cow numbers has also resulted in a subsequent increase in production.

### **STOCK NUMBERS - SHEEP**

Total sheep numbers through 2001 are estimated to decline 2.3 percent from the 2000 level, to 44.7 million head. Breeding ewe numbers are also expected to decline by 1 percent to 32 million head. This forecast reveals a larger decline than Post's previous forecast (NZ0042) due the lifting of the moratorium on new milk supply for the dairy industry. 147 new farms have been accepted by the dairy industry to supply milk since the lifting of the moratorium, and the majority of these farms will be converted from sheep farms.

The national lambing percentage for 2000 was estimated at 115.9 percent. This was the second highest lambing percentage on record and continues the trend of high lambing percentages that started in the mid-1990s. However, significant variation in lambing percentages was noted in most regions due to the flow-on effects of the 1999 facial eczema, dry conditions at mating in some regions, abortions and/or storm losses. A high twinning level across the whole country helped to offset these losses. It is too early in the season for an accurate forecast lambing percentage for spring 2001 as it depends on climate conditions during mating in autumn and also the severity of the winter. However, the trend over the last few years has been a steady increase in productivity, Post estimates that if the country experiences an average New Zealand autumn and winter, the national lambing percentage for 2001 will be approximately 116.5 percent.

### **PRODUCTION - LAMB AND MUTTON**

Total and export lamb slaughter is forecast to decrease in 2001 due to fall in breeding ewe numbers and total sheep flock. Export lamb slaughter is forecast to be 24.9 million head. Average lamb slaughter weights are estimated to be 16.06 kilograms per head, while this is below the record 2000 weight of 16.61 kilograms, it will be the second highest on record. Total and export mutton slaughter is forecast to increase in 2001 with export mutton slaughter up by 16 percent to 4.5 million head. This follows two years of declining mutton slaughterings when sheep were retained to rebuild stock numbers from the drought of 97/98 and 98/99. Average mutton slaughter weights in 2000/01 estimated at 22.78 kilograms are down from the record average weight in 2000 of 23.53 kilograms.

**Total sheepmeat production is forecast to increase** slightly (1%) in the 2001 season from the 2000 season. Even though lamb slaughter is down in comparison to last season, as are both mutton and lamb slaughter weights, the large increase in mutton slaughter (16%), offsets the decline to bring total sheepmeat production to 521,000 MT CWT. Export sheepmeat production accordingly increases to 425,000 MT CWT. This forecast is lower than posts original forecast for the 2001 season due to slightly less favourable climatic conditions through autumn and winter than was originally forecast.

Live shipments of lamb and sheep are expected to be insignificant in 2001, reflecting the prices available for slaughter stock in 2001 and increasing numbers of slaughter stock held for forward fixed contracts by meat processing companies.

## **TRADE**

### ***Beef Trade and Currency Effects***

During the 2000 year the New Zealand dollar versus US dollar depreciated approximately 20 percent from the 1999 average of 0.53 to an average of 0.44 \$US:NZ. The low value of the New Zealand dollar had a large impact on New Zealand beef exports to the US, with the result of New Zealand fully utilising its 213,401 ton quota for the first time since 1995. New Zealand meat exporters took advantage of the high value of the US dollar in comparison to the NZ dollar and shifted more product into the US from other markets, as the US market ensured good returns. The quota was actually filled in November of 2000, meaning that any beef exported after this date was held in bond and was due to be released in January 2001. The North American market took 76 percent of New Zealand beef and veal by shipped volume in 2000, up from 74 percent the previous year. The United States alone took 73 percent, an increase from 64 percent in the previous year. Canada is normally New Zealand's second largest beef export market. However, imports of lower-priced South American beef significantly reduced New Zealand exports there.

The New Zealand dollar began to strengthen in November 2000, from an October low of 0.39, to date being 0.44 \$US:NZ. New Zealand economists forecast that it will continue to rise to 0.53 throughout 2001. However, regardless of the currency increase, New Zealand meat exporters are still expecting the US beef quota in 2001 to be filled for the second consecutive year.

In New Zealand, the low value of the New Zealand dollar has meant beef farmers have been receiving high returns for their beef throughout the 2000 season. More recently however, returns to New Zealand beef farmers have become more static due to the tonnes of produce in bonded stores in the US, waiting for the new quota period that began on January 1. The strengthening of the New Zealand dollar in the past month has also caused the export beef schedule to drop about 20 cents a kilogram.

### ***Ban on Importation of European Beef and Beef Products***

On January 5, 2001 New Zealand and Australian authorities introduced an import suspension on beef and beef products from the European Union. The purpose of the import suspension of beef and beef products from the European Union is to minimise the risk of transmission to humans of BSE or mad cow disease in cattle from humans eating contaminated beef.

This is a precautionary response to confirmation that BSE has been found in European cattle herds. The New Zealand Ministry of Health is suspending imports until they can be sure of consistent adherence to European Commission safety policies by EU member states and the safety of beef from other European countries. There has been an import ban on beef and beef products from the United Kingdom since 1996 because of an epidemic of BSE and its subsequent spread to humans. The ban now covers 29 European countries and includes foods such as soups and sausages, which were of concern because of the possibility they might be contaminated with offal associated with variant CJD.

It is not known what quantity of European beef and beef products were imported to New Zealand, but sources estimate it could be about 2 percent of the total stock on supermarket shelves. Most of it would be in the form of processed foods. Currently, imported products from the EU such as gelatin and pharmaceuticals are not included in the import suspension.

New Zealand meat industry officials say it is too soon to gauge the likely impact on New Zealand meat exports of the BSE crisis in Europe. There is already increased customer interest in New Zealand beef, but a small quota and high tariffs for beef supplied outside quota mean it is unlikely there will be any significant increase in beef exports. However, for lamb the effect is likely to be increased demand in the short term, with increased prices for New Zealand lamb. But industry officials say in the medium to long term the prospects are not likely to be all that good for the New Zealand export red meat industry.

### ***New Zealand Welcomes WTO Lamb Panel Finding***

New Zealand's Trade Negotiations Minister has welcomed the World Trade Organisation dispute panel's ruling in favour in some aspects of New Zealand's case against tariffs on lamb imports into the United States. The Minister reported that New Zealand had argued all along that there were long term systemic problems in the United States lamb meat industry and that it was these other factors, rather than imports, that were adversely affecting the industry. The Minister stated "the fact that the panel has upheld New Zealand's reasoning on this important issue is a significant victory." However, the Minister warned that the United States was likely to appeal the panel's ruling, so the final verdict on the case had not been heard yet. The hearing of the United States appeal is likely to take place in the first quarter of 2001, with a final result expected before June.

## **POLICY**

### ***Livestock Board***

The New Zealand Meat and Wool Producer Boards are looking at creating a joint venture to manage their research, technology transfer and training functions. The concept has gained momentum since the recent consultants report that recommended the Wool Board be dismantled. The proposed organisation would bring cattle and other livestock within the ambit of arrangements proposed in the consultants report on wool industry restructuring. Currently the two boards separately collect levies, mostly from the same farmers. Each board separately invested the money in industry-good activities, many of them common to both industries.

Industry officials see six main industry good areas where the livestock board would provide for the beef, sheep and goat farmers of New Zealand. These are:

- Quota management and trade policy - currently undertaken by Meat New Zealand and the Wool Board.
- Research and Development and Information Transfer - both currently undertaken separately by Meat New Zealand and the Wool Board, with some overlap.
- Start-ups of new ventures, such as biotech, until they can be commercialised - both currently undertaken by both organisations.
- Education and training - currently mainly undertaken by the Wool Board, but scope to extend into a broader range of activities given the need to increase rural training programmes.
- Market promotion of New Zealand beef and lamb - currently undertaken by Meat New Zealand.
- Industry advocate. This work is necessary so the vast contribution made to New Zealand's economy by agriculture is not overlooked by the various spheres of influence, including the Government.

Industry officials of both the meat and wool industries hope to have a comprehensive and detailed plan of how this board could be achieved by the end of January 2001. It is intended that this plan be taken to farmers throughout February.

### **Biotechnology**

In New Zealand at present, there is a Royal Commission of Inquiry into the future use of gene technology in New Zealand. Meat New Zealand (New Zealand's Meat Producer Board) has made submissions to the Royal Commission outlining the benefits genetic modification could have for the livestock industry in New Zealand. These are as follows:

- Potential benefits could be measured in both social and economic terms and included human health opportunities such as new vaccines and medicines, and positive environmental outcomes such as biological control of pests, land sustainability, and reduced fertiliser and chemical inputs. Of particular relevance to the pastoral sector are the possibilities for new diagnostic tools, animal health products and Marker Assisted Selection (MAS) programmes that uses knowledge of genes as markers to improve productivity, meat quality and forage plant performance. These markers are signposts indicating whether or not a plant or animal has a particular gene and which can speed up improvements in livestock productivity, meat quality and plant nutrient availability.
- Meat New Zealand's proposed investment in gene technology would be deliberately conservative and would focus on gaining knowledge about genes, for example through gene discovery, mapping and function proving, and gaining of intellectual property. Meat New Zealand believe these techniques provide enormous opportunity to enhance and speed up natural plant and animal breeding approaches, through the use of MAS. Meat New Zealand consider these new technologies will also advance interests in the key areas of improving food safety and the market acceptability of consumer products and in animal welfare.
- Meat New Zealand considers the technology and its application in terms of food safety and environmental impact to be sound and safe, provided due regard is placed on potential risks and comprehensive testing procedures are followed. Meat New Zealand, however, will not support the use of GM products in the food chain unless consumer views change significantly.

Given the scale of investment needed for developments in biotechnology, and the need to move quickly to capture intellectual property, Meat New Zealand has established a special purpose company, Agritech Investments Ltd, to evaluate and fund opportunities for investment in biotechnology research.

### **MARKETING**

Promotional and educational activities in international markets are important to New Zealand in order to build a strong reputation for New Zealand red meat as a high quality product sourced from a clean, natural environment. Some of the activities, financed and organised by Meat New Zealand, that will take place in the 2001 year to promote New Zealand beef and lamb are as

follows:

**Asia**

- An integrated program which includes participation in regional trade fairs, study tours, education seminars and the provision of education material in the local language. The aim is to persuade chefs and food service meat buyers to purchase New Zealand beef and to promote its country of origin to consumers.

**North America**

- Print advertising in specialist media, promoting New Zealand beef to processing companies.
- Reviewing the U.S. Check-off funded activities, particularly new product development, to identify how New Zealand can leverage off its work for the benefit of the New Zealand beef industry.
- Promotion campaigns for New Zealand lamb, largely at retail level, in co-operation with New Zealand exporters and their importing companies. The objective here is to increase demand for higher value lamb cuts.

**Middle East**

- Promotional campaigns with supermarkets and traditional butcher outlets to encourage great demand for chilled meat and to expand the fast growing market for lamb cuts.

**UK/Europe**

- A print advertising campaign in the UK, positioning New Zealand lamb as a quality product, convenient and versatile, and originating in an unspoiled environment. The campaign is aimed at a younger audience and supported by in-store promotion with major supermarket chains.
- Public relation activities in UK, Germany and France. These target consumers with information about how and why they should use New Zealand through use of the media, and through development of educational materials.